



INTERNAL AUDIT DIVISION

REPORT 2020/015

Audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

The effectiveness of the integrity initiative needs to be enhanced by strengthening its management and oversight mechanisms

14 July 2020

Assignment No. AG2019-520-01

Audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective management of the integrity initiative at the Global Compact to strengthen partnership with the private sector. The audit covered the period from 1 January 2017 to 31 December 2019 and included risk areas relating to the design and implementation of the integrity initiative, as well as its effectiveness.

The United Nations Global Compact had initiated actions on the eight recommendations developed for the integrity initiative in order to address concerns over integrity, impartiality, and independence of the United Nations during its cooperation with the private sector. However, the effectiveness of the integrity initiative needs to be enhanced by strengthening its management and oversight mechanisms.

OIOS made five recommendations. To address issues identified in the audit, the United Nations Global Compact needed to:

- Establish and monitor key performance indicators for integrity initiative targets to ensure and verify their successful completion; and conduct a comprehensive risk assessment for the integrity initiative to ensure that risks are identified and mitigated;
- Ensure that the Integrity Measures Policy adequately reflects the due diligence process for private sector companies in order to adequately mitigate risks; establish a mechanism to review active participants approved before 2018 and ensure that their values are aligned to the ten principles; and review the one-year grace period for non-responsive partners to ensure that de-listing is done on a timely basis;
- Develop a policy for high-risk companies and ensure that they are clearly identifiable in the database to enable periodic review;
- Implement periodic spot checks of partners after their approval to ensure that reputational risk is mitigated; and
- Implement the pending recommendations of the integrity initiative relating to automated review of all 'Communications on Progress' and adjustment of 'Communications on Progress' to include goals and targets related to the Sustainable Development Goals.

The United Nations Global Compact accepted the recommendations and has initiated action to implement them.

CONTENTS

I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. AUDIT RESULTS	2-7
A. Recommendations of the integrity initiative	2-3
B. Management of the integrity initiative	3-4
C. Oversight mechanisms	4-7
IV. ACKNOWLEDGEMENT	7
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact (Global Compact).

2. As a special initiative of the Secretary-General, the Global Compact is a call to companies everywhere to align their operations and strategies with ten principles in the areas of human rights, labour, environment and anti-corruption. The Global Compact was launched at United Nations Headquarters in 2000 with a mandate to guide and support the global business community in advancing the goals and values of the United Nations through responsible corporate practices. The Global Compact exists to inspire, disseminate and guide on the changes relating to the ten agreed principles. It also supports companies to take strategic actions to advance broader societal goals, such as the Sustainable Development Goals (SDGs), with an emphasis on collaboration and innovation.

3. As of 31 December 2019, the Global Compact had 8,820 companies and 2,938 non-business participants based in 152 countries and collaborated with 65 local networks. The Global Compact was supported by the Foundation for the Global Compact (the Foundation), a United States-based non-profit organization that provided financial, operational and programmatic support to the Global Compact. The consolidated unaudited overall income for 2019 was \$20.7 million. Approximately 84 per cent of the income came from the Foundation while the Global Compact Trust Fund contributed 16 per cent. There were 93 staff, comprising 29 United Nations staff and 64 Foundation staff.

4. In 2017, the Global Compact conducted an integrity review as requested by the Secretary-General to ensure that its integrity measures were enough to safeguard the brand and reputation of the United Nations. The main concerns were about misuse of association with the United Nations and/or the Global Compact, failure to communicate progress in adhering to the ten principles, and allegations of systematic abuses. The Global Compact submitted eight recommendations to the Secretary-General that they would be implementing to address those concerns.

5. As a result, the Global Compact developed integrity measures in 2017, including: alignment of exclusionary criteria with the United Nations system; screening of speakers, sponsors and recognition scheme; entry procedure for business; entry criteria for non-business; a de-listing and re-joining policy; and reinstatement of microenterprises. Also, there was a plan in progress to introduce automated review of Communication on Progress (COPs¹) and adjust COPs to include SDG-related goals and targets. The Global Compact was overseen by the United Nations Global Compact Board chaired by the Secretary-General, which met semi-annually and had 23 members.

6. Comments provided by the Global Compact are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes in ensuring effective management of the integrity initiative at the Global Compact to strengthen partnership with the private sector.

¹ The Communication on Progress is a self-assessment performed by partners to inform company stakeholders (e.g., investors, consumers, civil society, governments) on the progress made in implementing the ten principles of the Global Compact.

8. This audit was included in the 2020 risk-based work plan of OIOS due to risk that potential weaknesses in management of the integrity initiative could compromise the achievement of the intended objectives.

9. OIOS conducted this audit from December 2019 to March 2020. The audit covered the period from 1 January 2017 to 31 December 2019. Based on an activity-level risk assessment, the audit covered risk areas relating to the design and implementation of the integrity initiative, as well as its effectiveness.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data; and (d) judgmental sample testing.

11. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing

III. AUDIT RESULTS

A. Recommendations of the integrity initiative

The recommendations adequately covered concerns regarding cooperation with the private sector

12. The Global Compact conducted an integrity review in 2017 at the request of the Secretary-General and developed eight integrity recommendations to strengthen policies and procedures for cooperation between the United Nations and the private sector in three areas: entry of new participants; engagement with existing participants; and exit/re-entry of participants that do not uphold the Global Compact's integrity measures. The Secretary-General subsequently approved these recommendations in September 2017 and the Global Compact initiated action to implement them. The recommendations and actions are described below:

(a) Recommendation 1: No automatic acceptance of companies and final decision on admission rests with the Global Compact headquarters. All companies would be screened prior to accepting them.

(b) Recommendation 2: Increase scrutiny of high-risk companies and introduce a pre-joining phase. High-risk sectors and companies include alcohol, armaments, gambling, extractive industry, timber, pulp and paper, and wildlife products.

(c) Recommendation 3: Align exclusionary criteria with the United Nations system. The Global Compact required exclusionary criteria to include companies in the tobacco, chemical, biological and nuclear weapons industries.

(d) Recommendation 4: Enhance required criteria for entry of non-business participants to ensure they were legitimate and had a connection with the private sector and sustainability. Non-business entities included academia, business associations, cities, non-government organizations, labour and public sector organizations.

(e) Recommendation 5: Enhance screening of speakers, sponsors, partners, and any leadership recognition. This involved conducting comprehensive due diligence screening on all companies that offered speaking, sponsorship, or partnership opportunities and those recognized in leadership platforms.

(f) Recommendation 6: Introduce an automated review process of all COPs and manual review for high-risk companies. COPs were self-assessments submitted by companies to confirm that the company's

Chief Executive Officer included: a statement of continued support for the Global Compact and its ten principles; actions taken by the company to advance SDGs; and the SDGs their company activities addressed. COPs were used to confirm that the companies met all the minimum requirements and therefore qualified to maintain their Global Compact status. This recommendation required third party assessment or verification of all COPs to ensure accuracy and completeness.

(g) Recommendation 7: Adjust COPs to include SDG-related goals and targets. This required aligning the COPs with the SDGs to enable participants to measure and communicate their progress.

(h) Recommendation 8: Develop a de-listing and re-joining policy with clearly defined criteria for delisting companies and re-admitting companies to the Global Compact.

13. The eight recommendations and actions taken by the Global Compact adequately covered the issues relating to integrity, impartiality, and independence of the United Nations in its partnership with the private sector.

B. Management of the integrity initiative

Need to conduct a risk assessment and develop measurable key performance indicators

14. The Global Compact prepared the 2020 Global Strategy in 2016 and kept it updated for the period 2017-2020. Workplans with integrity initiative goals and target years were also prepared. Table 1 shows the original integrity initiative-related measures and its subsequent updates.

Table 1: Integrity measures for 2016 to 2019

Year	Integrity measures
2016 (2020 Global Strategy)	<ul style="list-style-type: none"> • Enhance the overall integrity of the Global Compact via a new due-diligence process and the development of performance-based metrics in relation to participation in leadership platforms; • Strengthen performance-based criteria to determine eligibility for the Global Compact’s leadership platforms and other high-profile engagement opportunities; • Develop an Integrity Committee and due diligence process to systematically gather and analyze information drawing on third party due diligence research and any major negative information found and shared with the concerned companies; • Initiate dialogue facilitation with companies without waiting for a third-party complaint; and • Revising the entry criteria for the Global Compact especially for companies in sensitive industries – in close consultation with the Board and Member States.
2017	<ul style="list-style-type: none"> • Align exclusionary criteria with the United Nations system (tobacco, weapons); and • Enhance screening of speakers, sponsors and recognition scheme.
2018	<ul style="list-style-type: none"> • Strengthen entry procedure for business; • Enhanced entry criteria for non-business; • Develop a de-listing and re-joining policy; and • Re-instatement of microenterprises.
2019- 2020	<ul style="list-style-type: none"> • Introduce automated review of COPs; and • Adjust COPs to include SDGs-related goals and targets.

15. While the Global Compact prepared strategic and annual work plans, progress reports, management reports, and a set of policies, it did not establish measurable targets or key performance indicators to reliably assess whether the targets had been met, and whether the measures taken had the desired impact for the integrity initiative.

16. For example, there were no qualitative or quantitative indicators of successful implementation to allow for identification of their efficiency and effectiveness. Nevertheless, the Global Compact concluded that these measures and policies had been successfully completed. The Global Compact scorecard did not include specific concepts and indicators for the integrity initiative. In OIOS' opinion, it was not possible to reliably conclude whether targets without measurable metrics were completed successfully.

17. In addition, while the Global Compact prepared a risk management matrix, it did not consider all the risks and controls related to the integrity initiative. A more comprehensive risk assessment exercise needs to be conducted to ensure that the objectives are achieved by proactively identifying risks and managing them effectively. In the absence of a comprehensive risk assessment, there was no clear visibility that the challenges related to meeting the targets were identified and adequately mitigated.

(1) The Global Compact should: (i) establish and monitor key performance indicators for integrity initiative targets to ensure and verify their successful completion; and (ii) conduct a comprehensive risk assessment for the integrity initiative to ensure that risks are identified and mitigated.

The Global Compact accepted recommendation 1 and stated that it has developed an implementation plan that identified a number of key performance indicators for each integrity recommendation that stemmed from the 2017 integrity review. As the Global Compact is developing its post-2020 strategy, it will conduct a risk assessment across all strategic areas, including integrity. Recommendation 1 remains open pending receipt of documentation showing the established key performance indicators and evidence of a risk assessment covering all aspects related to the integrity initiative.

C. Oversight mechanisms

Need to develop a more comprehensive joining policy and institute checks for pre-existing partners

18. The Global Compact had developed policies to guide the implementation of integrity initiative activities. The due diligence policy established the requisites for accepting speakers, sponsors of flagship events, sponsors for programmatic events, SDG pioneers and Board membership and partnership, collectively named as high-level engagement participants. However, the due diligence policy covered only 600 participants, or five per cent of the Global Compact's participants. Further, the main Integrity Measures Policy which was the central document for all Global Compact policies did not include any reference to due diligence for private sector companies or speakers.

19. The joining policy that was developed in 2018 established the requisites for accepting companies as participants or signatories. The policy laid out criteria for eligibility for admission and the process for joining. Criteria included the United Nations exclusionary criteria which was about United Nations sanctions, United Nations ineligible vendors list, and revenue from weapons and tobacco. Joiners were required to submit a letter of commitment committing to implement the ten principles of the Global Compact and proof of legal registration for review. This category represented 8,820 companies, or 75 per cent of the Global Compact active members as of 31 December 2019. Of these, 3,757 joined after the policy was implemented. OIOS tested a sample of 50 active joiners noting that they met the joining criteria. The approval process took an average of 10 days. Overall, the Global Compact complied with its joiner policy and was efficient in processing joiner applications, thereby providing value to participants during the joining phase.

20. The joining policy did not include all the requisites of the due diligence policy to screen the private business participants with the same level of screening accorded to the sponsors/speakers. The Global

Compact stated that the existing due diligence policy only covered speakers, sponsors and pioneers because they posed the bigger reputational risk, for example, if they shared the stage with the Secretary-General during events. OIOS is of the opinion that the due diligence policy should be applied to both sponsors/speakers and business participants to ensure adequate screening of companies to mitigate reputational risk to the Organization.

21. OIOS' review of how the Global Compact managed the participants showed that approximately 8,000 (68 per cent) active participants joined the Global Compact prior to the launch of the integrity initiative from 2000 to 2017. Previously approved participants did not undergo a check to ensure that their values were aligned to the ten principles of the Global Compact and the United Nations' values. There was no policy to provide guidance on how to process pre-existing partners. Although the joining policy was implemented for new companies, there were no measures to ensure that previously approved participants were subjected to a similar review.

22. The Global Compact stated that previous partners completed COPs annually. However, OIOS noted that COPs were not adequate as they were merely self-assessments submitted by companies to confirm that the company's Chief Executive Officer included a statement of continued support for the Global Compact and its ten principles.

23. The delisting policy stated various reasons for delisting participants including: failure to communicate progress through COPs; failure to engage in dialogue; integrity reasons; and participant withdrawal. OIOS noted that 4,716 partners were delisted since 2017 mostly due to failure to communicate progress. The policy stated that if participants did not communicate progress for one year, they would be delisted. As of 31 December 2019, there were 585 active participants that had not communicated for more than six months. OIOS is of the view that the one-year grace period granted to partners that had not communicated with the Global Compact was too long and needed to be reviewed. With a lengthy grace period, there is the risk that partners who may have breached the United Nations values and principles may not be identified on a timely basis.

24. While the Global Compact had established various mechanisms to manage and engage with partners, the screening of partners needed to be strengthened. Delisting of partners needed to be expedited for non-responsive partners to mitigate the reputational risk to the Organization. Furthermore, a mechanism to review previously approved participants needed to be established.

(2) The Global Compact should: (i) ensure the Integrity Measures Policy adequately reflects the due diligence process for private sector companies in order to adequately mitigate risks; (ii) establish a mechanism to review active participants approved before 2018 and ensure that their values are aligned to the ten principles; and (iii) review the one year grace period for non-responsive partners to ensure that de-listing is done on a timely basis.

The Global Compact accepted recommendation 2 and stated that: (i) it is working on revising the Integrity Measures policy to include a reference to the due diligence process both at entry and for high-level engagement opportunities; (ii) as part of the COP review, there is a proposal to undertake random spot checks to ensure quality of company reports. These spot checks will also serve the purpose of confirming that companies who joined before 2018 comply with all requirements of the joining policy; and (iii) it agrees that a one-year grace period may no longer be appropriate and will consider a shortened period as part of the COP review. Once a shorter grace period has been approved, it will update accordingly the related sections in our Integrity Measures policy and the COP policy. Recommendation 2 remains open pending receipt of: (i) the new Integrity Measures Policy reflecting the due diligence process for private sector companies; (ii) evidence of

implementation of the controls on participants approved before 2018; and (iii) documentation showing the new procedure for dealing with non-responsive partners.

Need to develop a policy for high-risk companies

25. There was no policy on high-risk companies. The related risks as identified in recommendation 2 of the integrity initiative required scrutiny of high-risk companies, and the introduction of a pre-joining phase. In addition, high-risk companies were not clearly identifiable in the Global Compact databases. Considering the level of risk, there was an expectation that they should be easily identifiable to ensure that they are monitored regularly.

26. The Global Compact stated it monitored high-risk companies and sectors, but OIOS notes that the lack of written policy, procedures and identification may lead to inadequate management of high-risk participants and pose a risk to the Organization's reputation.

(3) The Global Compact should develop a policy for high-risk companies and ensure that they are clearly identifiable in the database to enable periodic review.

The Global Compact accepted recommendation 3 and stated that it agreed on the need to formalize the treatment of high-risk companies at entry. Language on treatment of these companies at entry will be included in the draft revised version of the Integrity Measures Policy, which is currently under review in consultation with the Office of Legal Affairs. The Joining Policy will be updated accordingly, and a more detailed Standard Operating Procedure will be developed to govern the internal procedure. Through the new information technology platform that the Global Compact is developing for screening applicants, it will be able to systematically flag and/or track designated high-risk companies. Recommendation 3 remains open pending receipt of evidence of the new Integrity Measures Policy on high-risk companies and the identification of those companies in the database for periodic review.

Need to periodically spot check partners after approval

27. Prior to approval, business and non-business organizations were required to provide: a statement of the Chief Executive Officer or equivalent of the entity; legal registration status; the practical actions in support of the Global Compact's ten principles; and the measurement of outcomes. Non-business entities included academics, foundations, non-government organizations, public sector organizations, business associations, labour organizations, and cities representing 2,938 participants, or 25 per cent of the Global Compact's active members as of 31 December 2019.

28. There was no evidence that the Global Compact performed subsequent checks after the initial screening and approval of partners. There were no measures to ensure that existing partners participants were checked on a periodic basis to ensure that they still upheld the initiative's integrity measures. The Global Compact stated that partners were subject to screening at entry, but it was considering implementing spot checks in the future to ensure that partners still met the necessary criteria.

(4) The Global Compact should implement periodic spot checks of partners after their approval to ensure that reputational risk is mitigated.

The Global Compact accepted recommendation 4 and stated that along with the annual COP spot checks mentioned under recommendation 2 (iii), it will also run Communication on Engagement spot checks to ensure non-businesses equally uphold their commitment to the Global Compact.

Recommendation 4 remains open pending receipt of evidence of implementation of spot checks of partners after their approval.

Recommendations needed to be implemented in a timely manner

29. Following the approval of the integrity initiative in 2017, there was a need to establish timelines for milestones in the implementation of recommendations to ensure that they are implemented in a timely manner. The Global Compact did not establish timelines within which the recommendations would be completed, and at the time of the audit, recommendations 6 and 7 of the integrity initiative had not yet been implemented. These recommendations related to review/verification of COPs and adjusting COPs to include SDG-related goals and targets.

30. The Global Compact stated that implementing third-party assessment or verification of COPs may create significant cost implications which could be prohibitive for medium and small companies, in particular for those in developing countries. The Global Compact was developing a prototype for automated review of COPs which will include SDGs. This was expected to be finalized in June 2020 for implementation in 2021. OIOS is of the view that the outstanding aspects of recommendations 6 and 7 of the integrity initiative need to be implemented to enhance the effectiveness of the integrity initiative

(5) The Global Compact should implement the pending recommendations of the integrity initiative relating to automated review of all Communications on Progress and adjustment of Communications on Progress to include SDG-related goals and targets.

The Global Compact accepted recommendation 5 and stated that implementation is underway and will be completed by end of 31 March 2021 as a result of the COP review. Recommendation 5 remains open pending receipt of the reviewed COPs including automated reviews and inclusion of SDG-related goals.

IV. ACKNOWLEDGEMENT

31. OIOS wishes to express its appreciation to the management and staff of United Nations Global Compact for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The Global Compact should: (i) establish and monitor key performance indicators for integrity initiative targets to ensure and verify their successful completion; and (ii) conduct a comprehensive risk assessment for the integrity initiative to ensure that risks are identified and mitigated.	Important	O	Receipt of documentation showing the established key performance indicators and evidence of a risk assessment covering all aspects related to the integrity initiative.	(i) 31 July 2020 (ii) 31 December 2020
2	The Global Compact should: (i) ensure the Integrity Measures Policy adequately reflects the due diligence process for private sector companies in order to adequately mitigate risks; (ii) establish a mechanism to review active participants approved before 2018 and ensure that their values are aligned to the ten principles; and (iii) review the one year grace period for non-responsive partners to ensure that de-listing is done on a timely basis.	Important	O	Receipt of: (i) the new Integrity Measures Policy reflecting the due diligence process for private sector companies; (ii) evidence of implementation of the controls on participants approved before 2018; and (iii) documentation showing the new procedure for dealing with non-responsive partners.	(i) 31 December 2020 (ii) 30 September 2021 (iii) 31 March 2021
3	The Global Compact should develop a policy for high-risk companies and ensure that they are clearly identifiable in the database to enable periodic review.	Important	O	Receipt of evidence of the new Integrity Measures Policy on high-risk companies and the identification of those companies in the database for periodic review.	31 December 2020
4	The Global Compact should implement periodic spot checks of partners after their approval to ensure that reputational risk is mitigated.	Important	O	Receipt of evidence of implementation of spot checks of partners after their approval.	30 September 2021
5	The Global Compact should implement the pending recommendations of the integrity initiative relating to automated review of all Communications on Progress and adjustment of Communications on Progress to include SDG-related goals and targets.	Important	O	Receipt of the reviewed Communication on Progress including automated reviews and inclusion of SDG-related goals.	31 March 2021

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by the United Nations Global Compact in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Global Compact should: (i) establish and monitor key performance indicators for integrity initiative targets to ensure and verify their successful completion; and (ii) conduct a comprehensive risk assessment for the integrity initiative to ensure that risks are identified and mitigated.	Important	Yes	Programme Officer, Integrity and Chief of Staff	(i): 31 July 2020 (ii): 31 December 2020	<ul style="list-style-type: none"> We have developed an implementation plan that identified a number of KPIs for each integrity recommendation that stemmed from the 2017 integrity review. An updated and final version will be submitted to the auditors by 31 July 2020. As we are developing our post-2020 UNGC strategy, we will conduct a risk assessment across all strategic areas, including integrity.
2	The Global Compact should: (i) ensure the Integrity Measures Policy adequately reflects the due diligence process for private sector companies in order to adequately mitigate risks; (ii) establish a mechanism to review active participants approved before 2018 and ensure that their values are aligned to the ten principles; and (iii) review the one year grace period for non-responsive partners to ensure that de-listing is done on a timely basis.	Important	Yes	(i) and (ii) Programme Officer, Integrity (iii) Programme Officer, Reporting	(i) 31 December 2020 (revised Integrity Measures policy) (ii) By 30 September 2021 (iii) By 30 March 2021 (update of policies)	<p>(i)</p> <ul style="list-style-type: none"> We are working on revising the Integrity Measures policy, including in consultation with OLA, to include a reference to the due diligence process both at entry and for high-level engagement opportunities. The final document will be ready by end of December 2020. <p>(ii)</p> <ul style="list-style-type: none"> As part of the COP review, which will be implemented by 31 March 2021, there is a proposal to

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p><i>undertake random “spot checks” to ensure quality of company reports. These spot checks will also serve the purpose of confirming companies who joined before 2018 comply with all requirements of the joining policy.</i></p> <ul style="list-style-type: none"> <i>Evidence of implementation of spot checks can be provided by 30 September 2021.</i> <p>(iii)</p> <ul style="list-style-type: none"> <i>We agree that a one-year grace period may no longer be appropriate and will consider a shortened period as part of the COP review.</i> <i>Once a shorter grace period has been approved, we will update accordingly the related sections in our Integrity Measures policy and the COP policy.</i>
3	The Global Compact should develop a policy for high-risk companies and ensure that they are clearly identifiable in the database to enable periodic review.	Important	Yes	Programme Officer, Integrity and Chief, Outreach and Engagement	31 December 2020	<ul style="list-style-type: none"> <i>We agree on the need to formalize our treatment of “high-risk” companies at entry. Language on treatment of these companies at entry will be included in the draft revised version of the Integrity Measures Policy, which is currently under review in consultation with the UN Office of Legal Affairs. The</i>

Management Response

Audit of integrity initiative to strengthen partnership with the private sector at the United Nations Global Compact

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p><i>Joining Policy will be updated accordingly and a more detailed SOP will be developed to govern our internal procedure.</i></p> <ul style="list-style-type: none"> • <i>Through the new IT platform we are developing for screening applicants, we will be able to systematically flag and/or track designated “high-risk” companies.</i>
4	The Global Compact should implement periodic spot checks of partners after their approval to ensure that reputational risk is mitigated.	Important	Yes	Programme Officer, Integrity	By 30 September 2021	<ul style="list-style-type: none"> • <i>Along with the annual COP “spot checks”, mentioned under recommendation n. 2(iii), we will also run COE “spot checks” to ensure non-businesses equally uphold their commitment to the UN Global Compact.</i> • <i>Evidence of implementation of the spot checks can be provided by 30 September 2021.</i>
5	The Global Compact should implement the pending recommendations of the integrity initiative relating to automated review of all Communications on Progress and adjustment of Communications on Progress to include SDG-related goals and targets.	Important	Yes	Programme Officer, Reporting	By 30 March 2021	<ul style="list-style-type: none"> • <i>Implementation responding to both of the two recommendations is underway and will be completed by end of Q1 2021 as a result of the COP review.</i>